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## Media Release

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### **Attorney General seeks additional information on proposed transaction between BlueCross BlueShield of Delaware and Highmark, Inc.**

**Wilmington** - Today, Attorney General Beau Biden requested detailed information from BlueCross BlueShield of Delaware (BCBS) and Highmark, Inc. as his office continues its thorough review of the proposed transaction between the two health insurance organizations. The Attorney General has a common law responsibility to review proposed changes to non-profit organizations in Delaware as well as the responsibility under Delaware law to determine whether the proposed transaction represents a healthcare "conversion".

"As this process moves forward, the Attorney General's Office has a responsibility to be a voice for Delawareans and represent the best interests of the public," Attorney General Beau Biden said. "The proposed BCBS/Highmark transaction raises a number of serious questions regarding the quality of care to its beneficiaries, the cost of care to its beneficiaries, and the disposition of this non-for-profit's significant cash reserves. We will ensure that all the necessary questions are asked and answered before this transaction proceeds. The answers we requested today will help us get the information my office needs, the law requires, and the public deserves."

The Attorney General's review to-date has raised serious questions concerning this transaction and today the Attorney General's office requested from BCBS and Highmark detailed information about how the transaction was considered and how the assets of BCBS would be affected by the transaction. Specifically, the letter requests BCBS and Highmark to:

1. Produce all documents relating to BCBS's cash reserves and how Highmark intends to use those reserves.
2. Identify and describe any affiliation-related employment restructuring plans, including any intention of Highmark to eliminate any jobs currently held by BCBS employees in Delaware or to outsource those jobs overseas or to another state
3. Explain the contention of BCBS that it is too small as a standalone entity to function in the current health insurance market and produce all documents relating to this contention.
4. Document whether and how the expected cost savings resulting from the "economies of scale" realized in the affiliation will be passed on to BCBS or Highmark customers.
5. Produce all documents relating to the due diligence conducted by Highmark or BCBS in connection with the proposed affiliation, including minutes of meetings of their Boards of Directors where the proposed affiliation was considered.
6. Identify members of the BCBS board of directors who voted on whether to enter into the affiliation with Highmark and identify and describe all compensation or other incentives provided or promised to BCBS officers, directors, or employees as a result of the affiliation.

7. Identify all potential affiliation partners considered by BCBS and describe the process utilized by BCBS to consider any potential affiliation.
8. Provide detailed information about the Line of Credit that Highmark intends to provide to BCBS in connection with the affiliation and explain why, given its significant cash reserves, BCBS needs a line of credit to implement the proposed affiliation with Highmark.
9. Explain Highmark and BCBS's intentions or plans to maintain BCBS's not-for-profit purpose after implementing the proposed affiliation.
10. Explain whether and how a decision by Highmark to convert to for-profit status would potentially trigger a disaffiliation, and identify and describe all provisions in the Affiliation Agreement and other documents relating to BCBS's ability to obtain its license back from Highmark in such an event.

The Attorney General's letter follows on the next page.

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